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State of Ohio: Fitch New Issue Report

Like most states, Ohio has an unlimited legal ability to raise operating revenues. Its revenue base is diverse and relies on broad-based income and sales taxes. Fitch anticipates revenue growth will likely remain slow and in line with historical trends, with state-source revenues expanding in line with, or slightly above, inflation when factoring in the effect of tax policy changes. Ohio retains ample flexibility to cut spending through the economic cycle. As in most states, the natural pace of spending growth is likely to be somewhat above revenue growth, requiring ongoing budget management. Carrying costs for debt and retiree benefits are below the median for states. Debt levels are conservatively managed, and debt primarily consists of GO bonds. On a combined basis, outstanding debt and net pension liabilities are below the U.S. states median. The state generally takes a careful approach to financial operations, consistently achieving structurally balanced budgets and restoring its Budget Stabilization Fund during economic expansions. The fund balance has grown substantially since 2021 and currently totals \$3.65 billion, equal to approximately 12% of fiscal 2023 state-source general revenue fund revenues.

ACCESS REPORT

Thu 07 Dec, 2023